

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

PONDEROSA-STATE ENERGY, LLC,

Case No. 19-13011 (JLG)

Debtor.

Chapter 11

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INTERIM ORDER AUTHORIZING DEBTOR TO OBTAIN POST-PETITION CREDIT

The Court, having considered the *Motion for Authority To Obtain Post-Petition Credit* [Dkt. No. ____] (the “Motion”) filed by Ponderosa-State Energy, LLC (the “Debtor”),¹ the Sands Declaration, the Affidavit of Service [ECF ____] of the Motion evidencing sufficient and proper notice thereof, any responses to the Motion, the statements of counsel, and the record in this case, and having held a hearing on the Motion, finds that: (a) it has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (c) the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties-in-interest; (d) proper and adequate notice of the Motion and hearing thereon has been given and no other or further notice is necessary; and (e) good and sufficient cause exists for the granting of the relief requested; it is hereby ORDERED that:

1. The Debtor is authorized on an interim basis to incur debt in the principal sum not to exceed \$100,000 on terms of the DIP Loan Agreement attached hereto as Exhibit A (the “DIP Loan Agreement”).

2. The DIP Lender is hereby granted an administrative expense claim pursuant to § 503(b) and 507(b) of the Bankruptcy Code for amounts owed by the Debtor under the DIP Loan Agreement.

¹ Capitalized terms used but not defined herein have the meanings assigned to such terms in the Motion.

3. The DIP Lender is hereby granted a lien on property of the Debtor's estate that is not otherwise subject to a lien and a junior lien on property of the Debtor's estate that is subject to a lien to secure amounts owed to the DIP Lender under the DIP Loan Agreement.

4. The Debtor is authorized to pay the DIP Lender's out-of-pocket costs incurred in in connection with the preparation of loan documents, the making of the DIP Loan Agreement and the enforcement and administration of the DIP Loan Agreement, all subject to the Budget. The Debtor may pay such costs of the DIP Lender up to the amounts in the Budget without further review by the Court; provided that copies of any such invoices provided to the Debtor shall be provided contemporaneously to the U.S. Trustee and counsel to any official committee (if any). For the avoidance of doubt, the DIP Lender's out-of-pocket costs must be reasonable. Although the U.S. Trustee fee guidelines do not specifically apply, the DIP Lender's professionals shall be required to submit time and expense detail with the invoices, and any further information or back up documentation required to determine the reasonableness of the request.

5. The Debtor is authorized to take all actions necessary to effectuate the relief granted by this order.

6. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this order.

SIGNED _____ 2019.

UNITED STATES BANKRUPTCY JUDGE

Exhibit A

DIP Loan Agreement

[Attach]

PONDEROSA-STATE ENERGY, LLC
Weekly Cash Forecast

Week #	1	2	3	4	5	6	7	8	9	10	11	12	13	# of Days
Week Start	9/15/2019	9/22/2019	9/29/2019	10/6/2019	10/13/2019	10/20/2019	10/27/2019	11/3/2019	11/10/2019	11/17/2019	11/24/2019	12/1/2019	12/8/2019	90
Week Ended	9/21/2019	9/28/2019	10/5/2019	10/12/2019	10/19/2019	10/26/2019	11/2/2019	11/9/2019	11/16/2019	11/23/2019	11/30/2019	12/7/2019	12/14/2019	Total
PRODUCTION														
Gross Oil (bbl)	116	203	203	203	203	291	291	291	291	291	291	291	291	3252
Gross Gas (mcf)	455	1330	1330	1330	1330	2205	2205	2205	2205	2205	2205	2205	2205	23415
Total BOE/day	23	48	48	48	48	73	73	73	73	73	73	73	73	73
Inventory	47	66	85	104	123	46	152	75	181	104	26	133	55	55
oil sold/month	184	184	184	184	184	368	368	368	368	368	368	368	368	368
gas sold/month			552	4025			920			1288	8820			
							7070							
CASH RECEIPTS														
Gross Oil Revenue	\$ 35,520					\$ 30,360	\$ -			\$ 50,600				\$ 116,480
Gross Gas Revenue			\$ 9,750				\$ 20,125				\$ 35,350			\$ 65,225
Gross Cash Receipts from Operations	\$ 35,520	\$ -	\$ 9,750	\$ -	\$ -	\$ 30,360	\$ 20,125	\$ -	\$ -	\$ 50,600	\$ 35,350	\$ -	\$ -	\$ 181,705
TRANSFER TO RESERVES														
Royalty Reserves	\$ 7,637	\$ -	\$ 2,096	\$ -	\$ -	\$ 6,527	\$ 4,327	\$ -	\$ -	\$ 10,879	\$ 7,600	\$ -	\$ -	\$ 39,067
Working Interest Reserves	\$ 13,054	\$ -	\$ 3,583	\$ -	\$ -	\$ 11,157	\$ 7,396	\$ -	\$ -	\$ 18,596	\$ 12,991	\$ -	\$ -	\$ 66,777
Total Transfer to Reserves	\$ 20,690	\$ -	\$ 5,679	\$ -	\$ -	\$ 17,685	\$ 11,723	\$ -	\$ -	\$ 29,475	\$ 20,591	\$ -	\$ -	\$ 105,843
SOURCES OF CASH														
CASH FROM OPERATIONS														
Net receipts after reserves	\$ 14,830	\$ -	\$ 4,071	\$ -	\$ -	\$ 12,675	\$ 8,402	\$ -	\$ -	\$ 21,126	\$ 14,759	\$ -	\$ -	\$ 75,862
Reimbursement from Royalty Reserve	\$ 351	\$ -	\$ 147	\$ -	\$ -	\$ 300	\$ 303	\$ -	\$ -	\$ 500	\$ 532	\$ -	\$ -	\$ -
Reimbursement from Working Interest Disputed Funds	\$ 13,054	\$ -	\$ 3,583	\$ -	\$ -	\$ 513	\$ 18,040	\$ -	\$ -	\$ 855	\$ 16,099	\$ 6,382	\$ 8,250	\$ 66,777
Total Cash from Operations	\$ 27,883	\$ -	\$ 7,654	\$ -	\$ -	\$ 13,189	\$ 26,442	\$ -	\$ -	\$ 21,981	\$ 30,858	\$ 6,382	\$ 8,250	\$ 142,638
DIP CASH RECEIPTS														
Total DIP Availability	\$ 300,000	\$ 260,000	\$ 260,000	\$ 220,000	\$ 250,000	\$ 185,000	\$ 185,000	\$ 180,000	\$ 180,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 290,000
Beginning DIP Balance	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Draw/(Repayment) of DIP	\$ 40,000	\$ 40,000	\$ 40,000	\$ 50,000	\$ 65,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending DIP Balance	\$ 67,883	\$ -	\$ 37,654	\$ 50,000	\$ 65,000	\$ 13,189	\$ 31,442	\$ -	\$ -	\$ 60,000	\$ 180,000	\$ 180,000	\$ 220,000	\$ 432,638
USES OF CASH														
OPERATING EXPENSES														
G&A Expenses	\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ -	\$ -	\$ 8,000	\$ 24,000
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas General Land Office Royalty	\$ 1,243	\$ -	\$ 341	\$ -	\$ -	\$ 1,063	\$ 704	\$ -	\$ -	\$ 1,771	\$ 1,237	\$ -	\$ -	\$ -
Severance Taxes	\$ 1,634	\$ -	\$ 683	\$ -	\$ -	\$ 1,397	\$ 1,409	\$ -	\$ -	\$ 2,328	\$ 2,475	\$ -	\$ -	\$ 9,924
Lease Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,000	\$ -	\$ -	\$ -	\$ 31,000	\$ -	\$ -	\$ 88,420
CapEx	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Total Operating Expenses	\$ 52,877	\$ -	\$ 27,444	\$ 8,000	\$ 50,000	\$ 2,459	\$ 33,113	\$ -	\$ 8,000	\$ 4,099	\$ 34,712	\$ -	\$ 8,000	\$ 228,704
CHAPTER 11 RELATED EXPENSES														
U.S. Trustee													\$ 1,950	\$ 1,950
Debtor Professional Fees			\$ 13,117	\$ 40,000			\$ 13,071		\$ 40,000			\$ 13,025	\$ 40,000	\$ 120,000
Adequate Protection Payments														
DIP Lender Fees	\$ 5,000	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500	\$ 173,663
Total Chapter 11 Related Expenses	\$ 5,000	\$ -	\$ -	\$ 42,500	\$ -	\$ -	\$ 13,071	\$ -	\$ 42,500	\$ -	\$ -	\$ 13,025	\$ 44,450	\$ 173,663
Total Uses of Cash	\$ 57,877	\$ -	\$ 40,560	\$ 50,500	\$ 50,000	\$ 2,459	\$ 46,184	\$ -	\$ 50,500	\$ 4,099	\$ 34,712	\$ 13,025	\$ 52,450	\$ 402,366
BEGINNING CASH	\$ 349	\$ 10,356	\$ 10,356	\$ 7,449	\$ 6,949	\$ 21,949	\$ 32,678	\$ 17,936	\$ 17,936	\$ 27,436	\$ 45,319	\$ 41,465	\$ 34,822	
ENDING CASH	\$ 10,356	\$ 10,356	\$ 7,449	\$ 6,949	\$ 21,949	\$ 32,678	\$ 17,936	\$ 17,936	\$ 27,436	\$ 45,319	\$ 41,465	\$ 34,822	\$ 30,622	

RESERVE DETAILS														
ROYALTY RESERVES														
Beginning Royalty Reserves	\$	-	\$	7,286	\$	7,286	\$	7,286	\$	7,286	\$	7,286	\$	36,933
Additions to Royalty Reserve	\$	7,637	\$	2,096	\$	-	\$	-	\$	-	\$	-	\$	-
Severance Taxes from Royalty Reserves	\$	(351)	\$	(147)	\$	-	\$	-	\$	-	\$	-	\$	-
Ending Royalty Reserve Balance	\$	7,286	\$	7,286	\$	9,235	\$	9,235	\$	9,235	\$	9,235	\$	36,933
WORKING INTEREST RESERVES														
Beginning Working Interest Balance	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8,250
Additions to Working Interest Reserve	\$	13,054	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Severance Taxes Obligation	\$	(600)	\$	3,583	\$	-	\$	-	\$	-	\$	-	\$	-
Other Reimbursement Obligation*	\$	(26,950)	\$	(19,373)	\$	(24,745)	\$	(24,500)	\$	(24,500)	\$	(24,745)	\$	(25,701)
Reimbursement Paid From Working Interest Reserve	\$	(13,054)	\$	(3,583)	\$	-	\$	-	\$	-	\$	-	\$	(8,250)
Ending Working Interest Reserve Balance	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Receivable from Working Interest Reserve	\$	(14,497)	\$	-	\$	(16,041)	\$	(40,786)	\$	(65,286)	\$	(69,358)	\$	(94,103)
														(111,554)
OPERATING EXPENSE DETAILS														
FIELD LEASE OPERATING EXPENSE														
Pumper / Gauger	\$	-	\$	-	\$	6,000	\$	-	\$	-	\$	-	\$	-
Contract Field Supervisor	\$	-	\$	8,000	\$	-	\$	-	\$	-	\$	-	\$	-
Other LOE	\$	-	\$	12,420	\$	-	\$	-	\$	-	\$	-	\$	-
Subtotal	\$	-	\$	26,420	\$	-	\$	-	\$	-	\$	-	\$	-
G&A EXPENSE														
Legal (Mitchell Jones)	\$	-	\$	-	\$	2,500	\$	-	\$	-	\$	2,500	\$	2,500
Accounting	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Overhead Expense - Office Space	\$	-	\$	-	\$	1,500	\$	-	\$	-	\$	1,500	\$	1,500
Overhead Expense - Administration	\$	-	\$	-	\$	3,000	\$	-	\$	-	\$	3,000	\$	3,000
Subtotal	\$	-	\$	-	\$	8,000	\$	-	\$	-	\$	8,000	\$	8,000
														7,500
														3,000
														4,500
														9,000
														24,000

	\$	39,067
	\$	66,777
	\$	(3,647)
	\$	(189,180)